
Commerce & Labor Committee

HB 1379

Brief Description: Requiring the liquor control board to implement a retail business plan to improve efficiency and increase revenue.

Sponsors: Representatives Grant, Armstrong, Springer, Hinkle, Fromhold, Walsh, Uptegrove, Bailey, Clibborn, Chase and Simpson.

Brief Summary of Bill

- Directs the Liquor Control Board to implement Sunday sales in selected liquor stores.
- Directs the Liquor Control Board to implement in-store liquor merchandising.

Hearing Date: 2/2/05

Staff: Rebekah Ward (786-7106).

Background:

Washington is one of fourteen states that controls the retail sale of alcohol by using state-owned and contract liquor stores to sell spirits, wine, and beer. The Liquor Control Board (Board) is responsible for controlling the distribution and sale of alcohol and licenses to retailers to sell beer and wine for off-premises consumption.

The Board has the authority to manage the liquor distribution and retail systems, including the authority to determine the number of liquor stores and their hours of operation. There are 161 state-owned liquor stores and 154 contract liquor stores. The Board determines the hours of operation for liquor stores based on the cost of operations and available funds.

State law provides that state-owned and contract liquor stores may not be open on Sunday, and that the Board may not advertise liquor.

State liquor stores generate over \$612 million a year in sales. State and local governments receive revenue from liquor store profits and liquor taxes. In fiscal year 2004, the Board contributed \$250 million dollars to state and local governments.

Summary of Bill:

The Liquor Control Board (Board) is directed: (1) To expand store operations to include Sunday sales in selected liquor stores; and (2) to implement a plan of in-store liquor merchandising.

Sunday Sales

The prohibition on Sunday sales is eliminated.

The Board is required to expand store operations to include the Sunday opening of at least twenty state-operated liquor stores by September 1, 2005. The Board must select stores expected to gross the most revenues on Sunday. The stores must be open at least five hours on Sunday. Contract liquor stores are permitted, but not required to open on Sunday.

The Board may retain a consultant to help determine appropriate stores for the program and monitor the results of the program. The Board must track sales and expenses at stores open on Sunday in comparison to before opening on Sunday, as well as the impact on sales at nearby liquor stores. The Board must report this information to the Legislature by January 31, 2007.

Before determining which state liquor stores will open on Sunday and before permitting contract liquor stores to open on Sunday, the Board must give consideration to the location of the stores with respect to the proximity of places of worship, schools, and public institutions. The Board also must give notice to places of worship, schools, and public institutions within 500 feet of such stores.

Employees at liquor stores, including contract stores, may not be required to work on their sabbath for the purpose of selling liquor, if doing so would violate their religious beliefs.

Merchandising

The prohibition on liquor advertising by the Board is modified. The prohibition does not apply to in-store liquor merchandising.

The Board must implement an in-store liquor merchandising plan, including point-of-sale advertising and promotional displays. The Board is also directed to implement a plan for in-store merchandising of brands, which may not include provisions for selling liquor-related items not previously authorized.

Rules Authority: The bill contains provisions requiring the Board to make rules concerning advertising of liquor.

Appropriation: None.

Fiscal Note: Requested on January 24, 2005.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.